

PUBLIC DISCLOSURE

October 5, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

THE LOWELL FIVE CENTS SAVINGS BANK

Cert. # 90227

34 JOHN STREET

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Division of Banks

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NOTE: This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal Deposit Insurance Corporation or the Division of Banks concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") and the Federal Deposit Insurance Corporation ("FDIC") to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **The Lowell Five Cents Savings Bank ("Lowell Five" or the "Bank")** prepared by the Division and the FDIC, the institution's supervisory agencies, as of **October 5, 2011**. These agencies evaluate the Bank's performance in the assessment area(s), as it is defined by the institution, rather than individual branches. The Division and the FDIC evaluate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and Part 345 of the FDIC's Rules and Regulations.

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated "**Satisfactory**"

An institution in this group has a reasonable record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

LENDING, INVESTMENT, AND SERVICE TEST TABLE:

The following table indicates the performance level of the institution with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	The Lowell Five Cents Savings Bank		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory**			X
Satisfactory**	X	X	
Needs to Improve			
Substantial Noncompliance			

*Note: The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

**Note: FDIC rules and regulations stipulate use of a "high satisfactory" and "low satisfactory" rating for the three tests to categorize performance within a "satisfactory" range. For purposes of this jointly issued public evaluation, the term "satisfactory" will be used in lieu of the low satisfactory rating for the three tests.

The assigned rating is based on the results of three performance tests: the Lending Test, the Investment Test, and the Service Test. A summary of Lowell Five's performance is provided below:

Lending Test

- The Bank's lending activity reflects adequate responsiveness to credit needs in its assessment areas.
- Between January 1, 2009 and June 30, 2011, Lowell Five extended an adequate amount of its home mortgage and small business inside the assessments areas.
- The geographic distribution of home mortgage and small business loans reflects a good penetration by number throughout the assessment area. By dollar volume the distribution is deemed to reflect a good distribution throughout the assessment areas.

- The distribution of mortgage loans to borrowers of different incomes reflects an adequate penetration of loans to low- and moderate-income borrowers, considering the product lines offered by the institution.
- The Bank exhibits an adequate record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals, and very small businesses, consistent with safe and sound business practices.
- The distribution of business loans, by the size of the loans, reflects a good performance of loans under \$100,000 and loans between \$100,000 and \$250,000.
- The Bank made a relatively high level of community development loans between May 19, 2008 and October 5, 2011.
- The Bank makes limited use of innovative and/or flexible lending practices to serve assessment area credit needs.

Investment Test

- Lowell Five has an adequate level of qualified community development investments totaling approximately \$1.9 million, which is an increase from the previous evaluation in May of 2008.
- The institution exhibits adequate responsiveness to credit and community economic development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

Service Test

- Retail banking services are accessible to all portions of the assessment area, including low- and moderate-income areas and to individuals of different income levels and businesses of different sizes.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies.
- Services, including branch hours are convenient and comparable to other institutions and do not vary in a way that inconveniences certain parts of the assessment areas.
- Lowell Five provides a relatively high level of community development services.

PERFORMANCE CONTEXT

Description of Institution

Lowell Five was formed as a full service mutual savings bank incorporated under the laws of the Commonwealth of Massachusetts in 1854. In 2011, Lowell Five converted into a mutual holding company, Lowell Five Bancorp, MHC, with a mid-tier holding company, Lowell Five Bancorp, Inc. As of June 30, 2011, the Bank had total assets of \$734.9 million. Headquartered in Lowell, Massachusetts, Lowell Five operates 13 full service offices throughout Northern Middlesex County and Essex County. The Bank's operations center and main branch, as well as an additional office, are located in the City of Lowell. The Bank closed a branch location at 97 University Avenue in Lowell in July of 2010. The location still has a Lowell Five Automated Teller Machine (ATM) available for customers who may have been inconvenienced. In 2008, the Bank opened a branch location at 750 Main Street in Haverhill. In addition, the Bank operates two full service branches in Tewksbury and one full service branch in each of the following towns: Billerica, Chelmsford, Dracut, North Chelmsford, Pepperell, Tyngsboro, Westford, and Wilmington. The Tyngsboro office is a school branch located inside the Greater Lowell Technical High School.

Lowell Five is a full-service financial institution that offers its retail customers a wide array of financial services. In terms of deposit services, customers have the option of choosing from a variety of checking, savings, and retirement accounts. Financial advice is offered through Savings Bank Life Insurance (SBLI), an unaffiliated broker dealer. In terms of credit services, the Bank extends an assortment of secured and unsecured consumer loan products, inclusive of home equity lines of credit; home equity loans; overdraft protection; personal loans; automobile loans; and home improvement loans. Additionally, the Bank offers a wide variety of home mortgage programs such as conventional loan products for the purchase, refinance, improvement, or construction of residential property. The preceding list of products and services is not intended to be all-inclusive.

As of June 30, 2011, total loans and leases were over \$404.4 million. As illustrated in Table 1, Lowell Five's primary lending focus continues to be residential lending, as 1-4 family loans represent 59.7 percent of total loans. Loans secured by commercial real estate accounted for the second most significant portion of total loans at 19.9 percent.

Table 1 – Loan Portfolio as of June 30, 2011		
Loan Type	Dollar Volume \$(000)	Percentage of Total Loans
Construction and Land Development Loans	31,299	7.7%
Revolving Open-end 1-4 Family Residential	11,739	2.9%
Closed-end 1-4 Family Residential First Lien	225,305	55.7%
Closed-end 1-4 Family Residential Junior Lien	4,517	1.1%
Multi-family Residential	30,372	7.5%
Commercial Real Estate	80,374	19.9%
Total Real Estate Secured	383,606	94.8%
Commercial and Industrial Loans	17,525	4.3%
Other Revolving Loans	140	0.0%
Automobile Loans	1,398	0.3%
Other Consumer Loans	1,783	0.4%
Less: Any Unearned Income on Loans	(49)	----
Total Loans	404,403	100.0%

Source: Consolidated Report of Condition and Income (Call Report)

Lowell Five operates in an extremely competitive lending market, considering that its delineated assessment areas include 80 census tracts within the Commonwealth of Massachusetts. Based on 2009 aggregate data, there are at least 353 financial institutions that compete within the Bank's assessment area for residential lending and 108 financial institutions competing for the small business market. The competition includes loan production offices, banks, mortgage companies, credit unions, and other entities seeking to originate home mortgage and small business loans in this market. Additionally, larger regional and national banks such as Bank of America, N.A.; Wells Fargo Bank, N.A.; Sovereign Bank; and JP Morgan Chase Bank, N.A., have a presence within the Bank's assessment areas and contribute to the high level of competition for banking customers.

An analysis of the Bank's balance sheet reflected a loan-to-deposit (LTD) ratio of 66.4 percent as of June 30, 2011, and a 65.7 percent quarterly average since the prior FDIC and Division evaluation, dated May 19, 2008. Lowell Five's low LTD ratio is reflective of the large deposit account growth in the area outpacing loan growth. Table 2 depicts the current LTD's of the Bank and three other financial institutions.

Table 2 – Loan-to-Deposit Ratio (LTD) as of June 30, 2011				
Bank Name	Total Assets \$('000)	Net Loans \$('000)	Total Deposits \$('000)	Current Loan-to-Deposit Ratio (%)
Lowell Five	734,944	399,886	602,288	66.4
Cambridge Trust Company	1,156,726	631,781	1,009,934	62.6
Enterprise Bank and Trust	1,469,726	1,154,302	1,320,367	87.4
Pentucket Bank	638,320	448,501	542,134	82.7

CRA mandates the identification of *similarly situated* banks with which Lowell Five's lending record is compared. While Lowell Five competes with many local and regional financial institutions for loans and deposits, only three banks within Lowell Five's delineated assessment areas are somewhat similar in terms of asset size, business focus, and branch structure; although these financial institutions do not meet all of the requirements to be considered a similarly situated bank. These institutions include Cambridge Trust Company, headquartered in Cambridge, Massachusetts; Enterprise Bank and Trust, headquartered in Lowell, MA; and Pentucket Bank, headquartered in Haverhill, MA.

The Bank was last examined for compliance with the CRA on May 19, 2008 by the FDIC and the Division. The Bank's CRA performance was deemed "High Satisfactory" by the Division; a CRA rating of "Satisfactory" was assigned by the FDIC as the FDIC rating matrix does not provide for a "High Satisfactory" rating. The Bank was evaluated as a *large bank* at the prior evaluation. A financial institution can elect to be evaluated under Large Bank CRA procedures regardless of the threshold which defines this category, presently as assets of \$1.122 billion.

No significant financial or legal impediments exist that would limit the Bank's ability to help meet the credit needs of its community. However, as noted previously, the Bank operates in an extremely competitive environment.

Description of Assessment Area

The CRA requires a financial institution to define an assessment area, or areas within which it will concentrate its lending efforts and within which its record of helping to meet the needs of its community will be evaluated.

Since the last performance evaluation dated May 19, 2008, Lowell Five has delineated two non-contiguous assessment areas consisting of 80 census tracts within the Commonwealth of Massachusetts. The first assessment area (66 census tracts) consists of 11 cities and towns within Middlesex county, including: Billerica, Chelmsford, Dracut, Dunstable, Groton, Lowell, Pepperell, Tewksbury, Tyngsboro, Westford, and Wilmington. The second assessment area is comprised of the City of Haverhill which includes all 14 census tracts within Essex County.

Currently, all of the cities and towns in the two assessment areas are located in the Boston-Cambridge-Quincy MA, NH Metropolitan Statistical Area/Core Based Statistical Area (MSA/CBSA) (#14460), with the City of Haverhill located in Essex County in the Peabody MA Metropolitan Division (MD) (#37764), and the towns located in Middlesex County in the Cambridge-Newton-Framingham MA MD (#15764). The Bank's assessment areas fit within the Boston-Cambridge-Quincy MA, NH MSA/CBSA.

The assessment areas, as currently defined, meet the technical requirements of the CRA since they (1) consist of one or more political subdivisions; (2) include geographies where the Bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the Bank originated a substantial portion of its loans; (3) consist of whole census tracts; (4) do not reflect illegal discrimination; and (5) do not arbitrarily exclude low- and moderate-income areas.

To assess the Bank's lending performance within this evaluation, consideration is given to certain demographic data about the overall assessment area. As each of these separate areas is located in the Boston-Cambridge-Quincy, MA, NH CBSA, the overall analysis for this evaluation will be combined and discussed as one overall assessment area. Table 3 highlights the relevant demographics.

Table 3 – Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	80	12.5	25.0	53.8	8.7
Population by Geography	371,104	8.3	24.3	57.7	9.6
Owner-Occupied Housing by Geography	91,286	2.4	17.6	68.0	12.0
Business by Geography (2009)	26,772	9.3	19.2	60.5	11.0
Business by Geography (2010)	22,271	8.8	18.3	61.4	11.5
Family Distribution by Income	95,372	6.5	23.0	60.0	10.5
Household Distribution by Income	132,835	8.2	25.2	57.6	9.0
Distribution of Low- and Moderate- Income Families throughout AA Geographies	40,004	12.5	33.9	48.5	5.1
HUD Estimated Median Family Income (2009): Cambridge-Newton-Framingham, MA, MD (2010): Cambridge-Newton-Framingham, MA, MD (2009): Peabody, MA MD (2010): Peabody, MA MD		\$97,100 \$98,700 \$83,600 \$83,900	Median Housing Value Unemployment Rate:** Essex County Middlesex County		\$174,158 8.7% 6.2%
Weighted Average of Median Family Income		\$67,822			
Households Below Poverty Level		8.0%			
Families Below the Poverty Level		5.9%			

*Median Family Income **Q1-2010

Source: 2000 United States Census data; HUD 2009 and 2010 MFI. Percentages may not total 100 percent due to rounding.

Geographies

Currently, the assessment area is comprised of 80 census tracts, of which 10 are low-income; 20 are classified as moderate-income; 43 are middle-income; and 7 are upper-income (percentages are depicted in Table 3).

The 10 low-income census tracts are all located in the city of Lowell. The 20 moderate-income census tracts are located in the following cities and towns: Lowell (13), Dracut (1), Pepperell (1), and Haverhill (5).

Population

Based on 2000 U.S. Census data, the total population of the assessment area is 371,104. As depicted in Table 3, approximately 8.3 percent of the total population resides in low-income census tracts; 24.3 percent are in moderate-income census tracts; 57.7 percent are in middle-income census tracts; and 9.6 percent are in upper-income census tracts. The population for Middlesex County in 2009 was estimated at 1,505,006 and specific to the City of Lowell, the population was estimated at 104,400 as of mid 2009. The population for Essex County in 2009 was estimated at 742,582, with the City of Haverhill having a population of 61,588.

Business Data

According to 2010 Business Geo-demographic Data, there are approximately 22,271 businesses operating within the Bank's delineated assessment areas. This is a decrease from the number of businesses operating in 2009. When broken down by size, 77.7 percent of all businesses have gross annual revenues of \$1 million or less, which is considered a small business for purposes of this analysis.

Family Distribution

There are 95,372 families within the Bank's assessment areas. Table 3 illustrates the breakout of families by income level. Table 3 also includes the breakout of low- and moderate-income families combined (40,004) by where they reside.

Consideration is also given to the distribution of families by income level when compared to the weighted average of HUD adjusted MSA Median Family Income (MFI). Based on the 2000 U.S. Census, MFI for the assessment area was \$67,822. The Department of Housing and Urban Development (HUD) annually adjusts the MFI based on estimates. Income levels are determined as follows: low-income individuals equal to or less than 50.0 percent of median family income; moderate-income persons greater than 50.0 percent to equal to or less than 80.0 percent of median family income; middle-income individuals greater than 80.0 percent and less than 120.0 percent of median family income; and upper-income individuals are equal to or greater than 120.0 percent of median family income. In 2009 and 2010, the HUD adjusted MFI for the Cambridge-Newton-Framingham, MA MD was \$97,100 and \$98,700, respectively. The HUD adjusted MFI for the Peabody, MA MD in 2009 and 2010 was \$83,600 and \$83,900, respectively.

According to the U.S. Census Bureau, as of 2010, the percentage of household and families whose income in the past 12 months was below the poverty level in Essex County and Middlesex County was 8.2 percent and 5.4 percent of all families, respectively.

Housing

According to 2010 U.S. Census data, median house or condo value was \$403,500 for Middlesex County and \$352,900 for Essex County. Additionally, according to *City-Data.com*, the estimated median house or condo value for the cities of Lowell and Haverhill in 2009 was \$230,800 and \$281,174, respectively. It is important to note that a low-income family, earning

less than \$49,349 or \$41,949 (based on 2010 HUD-estimated MFI), would have difficulties qualifying under conventional underwriting standards for a mortgage on a property valued at county median prices. This somewhat limits the opportunities for the Bank to provide mortgages to low-income borrowers within its assessment area. It should also be noted that demographic data depicting the distribution of owner-occupied housing units by income level of census tract is used as a comparison to the Bank's home mortgage lending performance under the *Geographic Distribution* criterion.

According to the U.S. Census Bureau and National Association of Realtors, total housing permits have increased significantly in 2009. Permits in Essex County have increased from 88 permits in the first quarter to 600 permits in the fourth quarter. In Middlesex County housing permits increased from 342 to 1,677. Higher home values can present an obstacle for low- and moderate-income applicants to qualify for conventional financing for home ownership.

Unemployment

The Boston-Cambridge-Quincy, MA-NH MSA's unemployment rate has decreased from December 2010 to May 2011 from 7.1 percent to 6.6 percent¹. Similarly, the Commonwealth of Massachusetts unemployment rate decreased from 8.3 percent to 7.6 percent. On April 30, 2010, the unemployment rate was 8.7 percent for Essex County and 6.2 percent for Middlesex County.

Local Economic Conditions

According to information obtained from Moody's Economy.com, the Greater Boston area, which generally includes a significant portion of the Bank's assessment area, has the world's largest concentration of colleges and universities. The most significant industries in the area include Services (48.7 percent), Retail trade (12.4 percent), and Construction (12.0 percent). Additionally, Lowell General Hospital is the city of Lowell's largest employer, employing nearly 5,000 people. Additionally, Saints Medical Center, also located in Lowell, MA, employs between 1,000 and 4,999 people according to Mass.gov.

Community Contact:

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and business needs in the Bank's assessment area(s). Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available. This evaluation utilized a community contact from a previous evaluation conducted by the FDIC in January, 2010. The contact was relevant and appropriate for this examination based on the locality and mission statement of the organization.

The contact was to a local housing partnership located in Lowell, MA. The contacted party stated that Lowell Five is an active and willing participant in many of its first time homebuyer's education seminars as well as providing sponsorships and in making donations. Additionally, the contact stated that the Bank has been proactive in getting sponsors in the community and many Bank employees participate in the financial education courses. Further, it was noted that Lowell Five has become a presence in the community. Noted areas of need from the contact were more involvement in their down-payment assistance programs. Overall, the entity had very favorable comments about Lowell Five.

¹ United States Bureau of Labor Statistics

An additional contact was made with an organization in the Bank's MSA. The contact is responsible for a wide range of activities and duties, including economic development, land use planning, housing policy, transportation projects, historic preservation, open space conservation programs, and neighborhood improvement efforts. In addition, the contact is an organization actively involved with affordable housing initiatives in Lowell. The contact indicated that Lowell Five comes to mind, among other local financial institutions, for being actively involved in the residential and commercial aspects of local community initiatives.

SCOPE OF EVALUATION

An onsite evaluation was conducted utilizing Large Bank CRA procedures, as established by the Federal Financial Institutions Examination Council (FFIEC). A review of the Division's and FDIC's records, as well as the Bank's Public CRA File did not reveal any complaints relating to the Bank's CRA performance since the prior evaluation.

The Lending Test focused primarily on loan origination activity for 2009, 2010, and year-to-date (YTD) 2011, which includes the first six months; however, loan origination performance in 2010 and YTD 2011 was only reviewed to determine if the Bank's performance was consistent with the prior year since 2010 and YTD 2011 aggregate peer data is not available for comparison.

Home mortgage loans originated by Lowell Five in 2009, 2010, and YTD 2011 reported on the Bank's Loan Application Register ("LAR"), pursuant to the Home Mortgage Disclosure Act ("HMDA"), were included in the analyses.

Small business loans originated by Lowell Five in 2009, 2010, and YTD 2011 are included in the analyses. Small business loans, for the purposes of this evaluation, include commercial real estate loans and commercial and industrial loans with original balances of \$1 million or less disclosed on the Bank's Consolidated Report of Condition and Income. Information concerning small business loans was obtained from the Bank's CRA Loan Registers (LRs), which are submitted annually to the Federal Reserve Bank.

Small farm loans were not reviewed as part of this evaluation because the Bank has not originated any loans secured by farmland or for agricultural purposes. If not a major product line, consumer loans are only analyzed if the Bank collects and reports the optional information on its CRA LR. Lowell Five did collect and report consumer loan information in 2009 and 2010, but this represented such a small portion of the Bank's lending activity that it was not considered in this evaluation.

Where appropriate, the Bank's performance is compared to the "aggregate" performance of other lenders conducting the same loan activity primarily within the same geographic area or delineation. Aggregate mortgage and small business lending performance for 2010 was not available. Market share analysis of home mortgage and small business loan categories were performed for 2009 to determine how the Bank ranked against competitors within its assessment area. It must be noted that market share reports only include financial institutions that reported home mortgage and small business loans.

Residential mortgages are assigned greater weighting in arriving at overall Lending Test performance conclusions, as this product line represents 59.7 percent of the loan portfolio compared to small business loans (commercial real estate and commercial and industrial) at 24.2 percent. In addition, residential mortgages account for a larger volume of lending activity within the review period.

Although both the number and dollar volume of the Bank's home mortgage and small business loans were reviewed, the number of originations was weighed more heavily than the dollar volume. This is because the number of loans is less likely to have been influenced by factors such as business size, applicant income level, or varying real estate values within the Bank's assessment area(s). If dollar volume was emphasized, higher income borrowers or geographic areas would generally appear to receive a larger percentage of loans simply because each loan is likely to be a larger dollar amount.

The 2009 and 2010 lending data is presented in the Assessment Area Concentration, Geographic Distribution, and Borrower Profile tables. YTD 2011 lending data is discussed in the respective narrative sections to demonstrate trend. Qualified community development loans, innovative and/or flexible lending practices (product innovation), investments, and community development services were generally reviewed from May 19, 2008 to October 5, 2011.

The Bank's entire assessment area is within the Boston-Cambridge-Quincy, MA-NH MSA/CBSA which consists of the Boston-Quincy, MA MD, the Cambridge-Newton Framingham, MA MD, and the Peabody, MA MD.

In order to comply with the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (IBBEA), FFIEC interagency CRA examination procedures require the FDIC to evaluate the Bank's overall performance within their assessment area and to separately describe the Bank's activities in each metropolitan area in which the Bank has a branch office.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, and community development lending. The institution's lending efforts were rated pursuant to the following performance characteristics: Lending Activity, Assessment Area Concentration, Geographic Distribution, Borrowers' Profile, Response to Credit Needs, Community Development Lending, and Innovative or Flexible Lending Practices.

Previously discussed, the Bank's loan portfolio is primarily composed of home mortgage loans (59.7 percent) and commercial loans (24.2 percent). Therefore, home mortgage loan products will be weighted more heavily than commercial loans from a quantitative perspective in arriving at overall conclusions pursuant to the Lending Test criteria. Furthermore, only those loans extended within the institution's designated assessment areas were analyzed under the *Geographic Distribution* and *Borrowers' Profile* criteria. Performance under the Lending Test is weighed more heavily than the Investment and Service Tests in arriving at an overall CRA rating.

Lending Activity

Lowell Five's lending activity reflects adequate responsiveness to credit needs in its assessment area(s), taking into account the number and dollar amount of home mortgage and small business loans.

Assessment Area Concentration

This performance criterion measures the percentage of the Bank's lending that benefits assessment area residents and businesses and evaluates the adequacy of such lending. Lowell Five originated an adequate percentage of its loans in its assessment area.

As illustrated in Table 4 below, in 2009, 2010, and YTD 2011, the Bank originated a total of 907 home and small business loans totaling just under \$232 million. Of the combined home mortgage and small business loans, there were 556, or 61.3 percent, by number, and \$92 million, or 39.7 percent by dollar volume, originated within the Bank's delineated assessment area(s). Each loan type is further analyzed and depicted in Table 4.

Table 4 Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number Loans					Dollar Volume (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2009 Home Mortgage	207	57.5	153	42.5	360	38,470	39.8	58,311	60.3	96,781
2010 Home Mortgage	86	48.0	93	52.0	179	14,469	25.7	41,733	74.3	56,202
2011 YTD Home Mortgage	28	31.8	60	68.2	88	5,651	15.3	31,381	84.7	37,032
Subtotal	321	51.2	306	48.8	627	58,590	30.8	131,425	69.2	190,015
2009 Small Business	99	82.5	21	17.5	120	12,859	79.9	3,243	20.1	16,102
2010 Small Business	102	86.4	16	13.6	118	17,561	81.8	3,907	18.2	21,468
2011 YTD Small Business	34	81.0	8	19.1	42	3,017	74.5	1,033	25.5	4,050
Subtotal	235	83.9	45	16.1	280	33,437	80.3	8,183	19.7	41,620
Grand Total	556	61.3	351	38.7	907	92,027	39.7	139,608	60.3	231,635

Source: HMDA LAR and CRA LR data (2009, 2010, YTD 2011).

Home Mortgage Lending

As depicted in Table 4, the Bank reported 360 home mortgage loans totaling \$97 million in 2009. Of those loans, 207 loans representing 57.5 percent of total loans were made within the assessment areas. In 2010, the Bank's total home mortgage volume decreased significantly to 179 loans, of which only 86 loans representing 48.0 percent were within the Bank's delineated assessment areas. The data reflects a decline in the concentration of home mortgages originated within the Bank's assessment areas. Additionally, as the refinance market slowed down after 2009, Lowell Five focused on home purchase loans. However, the Bank does not offer a 30-year fixed rate product in house. This has put a strain on originating loans within the Bank's assessment areas. In order to proactively increase home mortgage loan originations within the assessment areas, the Bank plans to hire a total of three additional originators. They will focus primarily on business development within these communities. Also contributing to the declining trend is Bank management's increased focus on jumbo loan originations outside of the assessment areas. Considering all these factors, the Bank's lending performance within their assessment area is satisfactory.

The above analysis of home mortgage loans includes home purchase loans, refinance loans, and home improvement loans. A separate review of these loan types revealed a similar dispersion inside and outside of the assessment area for 2009. In 2010, however, a different dispersion was evident, with home improvement loan percentages increasing dramatically.

In 2011, the Bank continued to experience a decline in home mortgage originations within the assessment area.

Of the 353 HMDA reporters that reported home mortgage loans in the Bank's assessment area in 2009, Lowell Five ranked 21st by number of loans originated. This ranking represents 1.4 percent of the market share when compared to the total number of loans originated in the assessment area in 2009. This level of market share performance is reasonable, especially considering the Bank was primarily surpassed by national banks, mortgage companies, and larger financial institutions including Bank of America, N.A. (1st with 9.7 percent of market share), Wells Fargo Bank, N.A. (2nd with 4.8 percent of market share), and Sovereign Bank (3rd with 3.7 percent of the market share). On the local level, the closest community financial institution to Lowell Five by number was Enterprise Bank and Trust Company of Lowell, MA, which ranked 18th with 1.5 percent of the market share, and Salem Five Mortgage Co., LLC of Salem, MA, a wholly-owned subsidiary of Salem Five Cents Saving Bank, which ranked 5th with 3.4 percent of the market share.

Aggregate market data was not available for 2010; therefore, market share information could not be provided for this year. Further, it is important to recognize that the market share rankings are based on the assessment area that has been delineated by Lowell Five, and that market rankings of any HMDA reporter that is referenced will change when evaluated in a different assessment area.

Small Business Lending

As depicted in Table 4, the Bank originated 120 small business loans in 2009 totaling \$16.1 million. Of these, the Bank originated 99 small business loans totaling \$12.9 million inside its assessment area, representing 82.5 percent, by number, and 79.9 percent, by dollar amount, respectively. In 2010, the Bank made 118 small business loans totaling \$21.4 million. Of these, 102 or 86.4 percent by number and \$17.6 million or 81.8 percent by dollar amount were originated in the assessment area. Considering the economic conditions in 2009 and 2010, the Bank's small business lending performance within its assessment area is good.

In 2009, there were a total of 108 lenders that reported small business loan originations within the Bank's assessment areas. Lowell Five was ranked 25th with a market share (by number) of 0.3 percent. Eastern Bank of Lynn, MA (ranked 12th), Middlesex Savings Bank (ranked 14th), and Salem Five Cents Savings Bank (ranked 18th) are among other local community banks that ranked higher than Lowell Five in the analyses of these combined assessment areas. Each of these banks is larger than Lowell Five in terms of asset size. It should be noted that small business market share data is somewhat skewed as it also includes larger, nationwide lenders that originate smaller loans, typically under a business credit card arrangement. It should also be noted that aggregate small business data includes entire county information, not just the assessment area. As a result, market share analyses are not truly reflective of the assessment areas that the Bank delineated. However, this only had a small effect on the market share percentages.

Market share analyses for 2010 were not performed as small business and small farm loan aggregate information is not available.

For year-to-date 2011, small business lending within the Bank's assessment areas shows a similar performance to 2009 and 2010. The Bank originated 34 small business loans within the assessment areas out of a total of 42 originations, resulting in a percentage of 81.0 percent by number.

Geographic Distribution

The geographic distribution of loans was reviewed to assess the Bank's performance in addressing credit needs throughout its assessment area. The primary focus of this analysis is to assess the Bank's loan distribution in its assessment area, with emphasis placed on lending in low- and moderate-income census tracts. Overall, the Bank's geographic distribution of home mortgage and small business loans reflects good penetration throughout the assessment area in 2009, 2010, and YTD 2011.

Home Mortgage Lending

Overall, the Bank's home mortgage lending demonstrates a good geographic distribution of loans, particularly to low- and moderate-income geographies, in its assessment area in 2009, 2010, and YTD 2011, as depicted in Table 5A.

Table 5A – Distribution of HMDA Loans by Income Category of the Census Tract by #									
Census Tract Income Level	% of Total Owner-Occupied Housing Units	2009 Aggregate Lending Data		2009 Bank Lending Data		2010 Bank Lending Data		Total Bank Lending Data	
		#	%	#	%	#	%	#	%
Low	2.5	324	2.1	15	7.3	16	18.6	31	10.6
Moderate	17.6	2,032	13.5	36	17.4	18	21.0	54	18.4
Middle	68.0	10,304	68.2	96	46.4	37	43.0	133	45.4
Upper	11.9	2,446	16.2	60	29.0	15	17.4	75	25.6
N/A	0.0	1	0.0	0	0.0	0	0.0	0	0.0
Total	100.0	15,107	100.0	207	100.0	86	100.0	293	100.0

Source: U.S. Census (2000), HMDA LAR 2009 and 2010; Aggregate Data (2009).

As noted in Table 5A, the Bank originated, in its assessment area, 15 loans representing 7.3 percent of its home mortgage loans in low-income census tracts in 2009, and 36 loans or 17.4 percent of the total number of loans originated in moderate-income tracts. When compared to the aggregate's performance in 2009 in low-income census tracts, the Bank exceeded the aggregate by 5.2 percent. The percentage of loans originated by the Bank in moderate-income census tracts also exceeded the aggregate's percentage. The Bank's lending performance within the low- and moderate-income census tracts is commendable. Additionally, the Bank's lending performance by percentage exceeded the percentage of owner-occupied housing units in both low- and moderate-income census tracts. However, it should be noted that because of the small volume of loans originated each loan originated has a fairly large impact on the Bank's performance in each category. Nonetheless, the small number of aggregate loans in these geographies suggests limited lending opportunities.

Aggregate information is not available for 2010 home mortgage loans originated. However, as noted in Table 5A, the Bank's performance exceeded the prior year with higher percentages of loans in both the low- and moderate-income tracts than the total percent of owner-occupied housing units. Additionally, when analyzing the Bank's lending performance in YTD 2011, the Bank continues to show positive trends in lending to low- and moderate-income census tracts.

The 15 loans in low-income tracts in 2009 represented 4.4 percent of the market share by number, with a ranking of 4th. Enterprise Bank and Trust Company, a similarly situated institution to Lowell Five ranked 5th by number with 14 loans and 4.1 percent of the market share. The higher ranking institutions above Lowell Five are Bank of America (ranked 1st), TD Bank, N.A. (ranked 2nd), and Mortgage Network (ranked 3rd). In the moderate-income census tracts in the assessment area, by number, Lowell Five ranked 14th with 36 loans and captured 1.7 percent of the market share. Lowell Five's ranking for both low- and moderate-income census tracts shows a good lending performance.

As noted previously, the Bank's lending performance in 2009 and 2010 is commendable. However, the negative trend of lending within the assessment area, as described in the above *Assessment Area Concentration* section of this performance evaluation, is noted. For example, in 2010, the Bank only originated 48 percent of its home mortgage loans within the assessment areas, less than majority of its total originations.

Table 5B shows the dollar amount of mortgage loans made by Lowell Five in the assessment area, as well as the aggregate's performance in 2009. The Bank's performance in low- and moderate-income census tracts was the same by dollar as it was by number in that the Bank exceeded the aggregate's performance in both low- and moderate-income census tracts in 2009, resulting in similar conclusions. The Bank's level of home mortgage loan originations by dollar volume in 2010 showed similar increasing trends to its performance by number in both low- and moderate-income census tracts.

Table 5B – Distribution of HMDA Loans by Income Category of the Census Tract by \$									
Census Tract Income Level	% of Total Owner-Occupied Housing Units	2009 Aggregate Lending Data		2009 Bank Lending Data		2010 Bank Lending Data		Total Bank Lending Data	
		\$(000)	%	\$(000)	%	\$(000)	%	\$(000)	%
Low	2.5	49,502	1.4	2,152	5.6	2,201	15.2	4,353	8.2
Moderate	17.6	347,450	10.1	4,040	10.5	3,383	23.4	7,423	14.0
Middle	68.0	2,377,236	68.8	18,392	47.8	6,255	43.2	24,647	46.6
Upper	11.9	681,225	19.7	13,887	36.1	2,630	18.2	16,517	31.2
N/A	0.0	224	0.0	0	0.0	0	0.0	0	0.0
Total	100.0	3,455,637	100.0	38,471	100.0	14,469	100.0	52,940	100.0

Source: U.S. Census (2000), HMDA LAR 2009 and 2010; Aggregate Data (2009).

A review of the individual loan products which include home purchase, home improvement, and refinance loans revealed a similar dispersion in 2009 as to what was demonstrated in Tables 5A and 5B. The Bank exceeded the aggregate in low-income census tracts by all three loan products. However, in moderate-income census tracts, the Bank exceeded aggregate's lending performance in home purchase and refinance loans but was slightly behind aggregate for home improvement loan products. By dollar amount, the findings are the same when analyzed by individual loan products.

Analyses of the level of penetration within the assessment area was performed and revealed that the Bank, in 2009, did not originate home mortgage loans in 2 of the 10 low-income census tracts in its assessment area, and in 7 of the 20 moderate-income census tracts. The Bank's lending performance within the middle-income census tracts revealed similar results. Lowell Five did not originate home mortgage loans within 13 out of 43 middle-income census tracts. In 2010, the Bank's level of penetration was similar to that of 2009. Due to the similar lending patterns in all census tract income categories, there were no concerns.

The trend analysis performed on YTD 2011 home mortgage data revealed similar results as in 2010 for lending within low-income census tracts (16.1 percent by dollar volume). The Bank's lending within moderate-income census tracts on a dollar volume basis declined from 2010 in 2011 to 15.7 percent from 23.4 percent.

Small Business Lending

As depicted in Table 6A, the Bank originated 10.1 percent of all small business loans in low-income census tracts in 2009 and 16.7 percent in 2010. The Bank's performance was above the average percentage of businesses located in low-income census tracts (9.4 percent in 2009 and 8.8 percent in 2010). When compared to the aggregate's performance by number in 2009, the Bank significantly exceeded the aggregate's 2.7 percent. The Bank originated 14.1 percent of 2009 loans and 19.6 percent of 2010 loans in the area's moderate-income tracts. This performance was comparable to the percentage of businesses within the assessment area's moderate-income census tracts in 2009 and 2010. By number of loans originated, the Bank slightly exceeded the aggregate's performance in 2009, which was at 13.6 percent compared to the Bank's 14.1 percent.

The Bank's small business loan originations in 2010 are shown to illustrate trends, as aggregate information is not available. As noted in Table 6A, the percentage of loans originated in both low-income and moderate-income census tracts, increased from 2009 to 2010. Additionally, the trend analysis conducted on YTD 2011 data revealed a slight decline in percentages of lending within both low- and moderate-income census tracts from the previous year.

Table 6A – Distribution of Small Business Loans by Income Category of the Census Tract by #												
Census Tract Income Level	Commercial Businesses (2009)		Commercial Businesses (2010)		2009 Aggregate Lending Data		2009 Bank Lending Data		2010 Bank Lending Data		Total Bank Lending Data	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	2,501	9.4	1,957	8.8	1,004	2.7	10	10.1	17	16.7	27	13.4
Moderate	5,124	19.1	4,086	18.4	5,123	13.6	14	14.1	20	19.6	34	17.0
Middle	16,206	60.5	13,667	61.3	19,211	50.8	62	62.7	54	52.9	116	57.7
Upper	2,941	11.0	2,561	11.5	11,673	30.9	13	13.1	11	10.8	24	11.9
N/A	0	0.0	0	0.0	778	2.0	0	0.0	0	0.0	0	0.0
Total	26,772	100.0	22,271	100.0	37,789	100.0	99	100.0	102	100.0	201	100.0

Source: Based on 2009 and 2010 Dun & Bradstreet; 2009 Peer Small Business Data; 2009 and 2010 CRA LR Data.

Table 6B is similar to Table 6A, but instead shows small business loan dollar amounts and percentages within the assessment area. As noted in Table 6B, the Bank exceeded aggregate performance by dollar amount in the low-income census tracts in 2009 within the assessment area. However, in moderate-income census tracts the Bank fell slightly below the aggregate's performance. As previously noted, more emphasis is placed on the results of the Bank's performance by number because the number of loans originated is a better representation of how many small businesses are reached. Otherwise a few large loans could skew results. Nevertheless, the Bank's performance demonstrates that it is meeting its obligation of providing small business loans within its assessment area.

Table 6B – Distribution of Small Business Loans by Income Category of the Census Tract by \$											
Census Tract Income Level	Commercial Businesses (2009)		Commercial Businesses (2010)		2009 Aggregate Lending Data	2009 Bank Lending Data		2010 Bank Lending Data		Total Bank Lending Data	
	#	%	#	%	(% of \$)	\$(000)	%	\$(000)	%	\$(000)	%
Low	2,501	9.4	1,957	8.8	2.9	1,803	14.0	2,422	13.8	4,225	13.9
Moderate	5,124	19.1	4,086	18.4	13.6	1,609	12.5	4,421	25.2	6,030	19.8
Middle	16,206	60.5	13,667	61.3	55.6	7,434	57.8	9,085	51.7	16,519	54.30
Upper	2,941	11.0	2,561	11.5	26.7	2,013	15.7	1,633	9.3	3,646	12.0
N/A	0	0.0	0	0.0	1.2	0	0.0	0	0.0	0	0.0
Total	26,772	100.0	22,271	100.0	100.0	12,859	100.0	17,561	100.0	30,420	100.0

Source: Based on 2009 and 2010 Dun & Bradstreet; 2009 Peer Small Business Data; 2009 and 2010 CRA LR Data.

Borrower Profile

The distribution of loans predicated on borrower income and business revenue was reviewed to determine the extent to which the Bank addressed the credit needs of residents and small businesses in its assessment area in 2009, 2010, and YTD 2011. The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among individuals of different income levels and good penetration of lending to business customers of different size.

Home Mortgage Lending

Home mortgage lending data was reviewed to assess how well the Bank is addressing the housing credit needs of its assessment area residents. Special weight or consideration was placed on the Bank's record of lending to low- and moderate-income borrowers. As depicted in Tables 7A and 7B, the Bank's distribution of credit to borrowers of different income levels, considering the product lines offered, reflects adequate penetration among retail customers of different income levels. It is noted, however, that the review only included lending inside the assessment area, which has declined and does not represent a majority of the lending for 2010.

Table 7A - Distribution of HMDA Loans by Borrower Income by #									
Borrower Income Level	Family Distribution by Income Level	2009 Aggregate Lending Data		2009 Bank Lending Data		2010 Bank Lending Data		Total Bank Lending Data	
		#	%	#	%	#	%	#	%
Low	21.6	1,563	10.4	22	10.7	14	16.3	36	12.3
Moderate	20.3	3,720	24.6	48	23.2	18	20.9	66	22.5
Middle	24.9	4,540	30.0	53	25.6	13	15.1	66	22.5
Upper	33.2	4,380	29.0	57	27.5	20	23.3	77	26.3
N/A	0.0	904	6.0	27	13.0	21	24.4	48	16.4
Total	100.0	15,107	100.0	207	100.0	86	100.0	293	100.0

Source: 2000 U.S. Census Data; 2009 and 2010 HMDA LARs; Aggregate Lending Data (2009).

As noted in Table 7A, in 2009, the Bank's performance by number (10.7 percent) was similar to the percentage of loans originated by the aggregate to low-income borrowers (10.4 percent). The Bank's number of home mortgage loans to moderate-income borrowers was also similar to aggregate in 2009, having extended 23.2 percent of its home mortgage loans to moderate-income borrowers compared to 24.6 percent for the aggregate. Although there is no 2010 aggregate data for comparison, Lowell Five's percentage of loans to low-income borrowers increased to 16.3 percent. However, the Bank showed a slight decrease in its lending performance to moderate-income borrowers in 2010. The YTD 2011 trend analysis revealed a slight decrease in the Bank's lending performance to both low- and moderate-income borrowers from 2010 lending.

The Bank's performance was also compared to the percentage of low- and moderate-income families that reside within the assessment area. The Bank made 12.3 percent of total home mortgage loans in 2009 and 2010 to low-income borrowers, which was less than the 21.6 percent of assessment area families that are low-income. It must be noted, however, that 27.3 percent of low-income families within the assessment area are below the poverty level. These families typically would not qualify for a home mortgage loan. Also, Table 7A shows that 22.5 percent of Lowell Five's total home mortgage loans were to moderate-income borrowers. This

performance was similar to the percentage of moderate-income families within the assessment area at 23.0 percent. This data confirms that the Bank's overall level of performance to low- and moderate-income borrowers is satisfactory.

Market share analyses were also performed to determine how the Bank compared to other lenders by ranking and market share of home mortgage loans to low- and moderate-income borrowers. In 2009, the Bank ranked 13th out of 353 lenders in the number of loans it originated to low-income borrowers, with 1.4 percent of the market share. It was ranked 18th in lending to moderate-income borrowers within the assessment area, capturing 1.3 percent of the market.

Enterprise Bank and Trust Company was the closest local financial institution to Lowell Five in the low- and moderate-income borrower categories ranking 8th with 1.7 percent of the total market's home mortgage loans to low-income borrowers and 14th with 1.5 percent of the market share in loans to moderate-income borrowers. The market share report clearly indicated that large national and regional financial institutions and mortgage companies captured the largest percentage of the market share by number in 2009. Again, a market analysis of the Bank's 2010 performance was not performed because aggregate information is not available for 2010.

As previously stated, more weight is placed on the number of loans extended rather than the dollar volume. However, the Bank's performance by dollar volume is demonstrated in Table 7B, and is similar to the analyses by number displayed in Table 7A. As noted in Table 7B, the Bank was slightly below the aggregate in its level of lending to low- and moderate-income borrowers by dollar amount in 2009. The Bank's performance in 2010 was above its 2009 performance by percentage and dollar amount. Overall, the Bank's dollar volume percentage to low- and moderate-income borrowers is quite similar to the aggregate.

Table 7B - Distribution of HMDA Loans by Borrower Income by \$									
Borrower Income Level	Family Distribution by Income Level	2009 Aggregate Lending Data		2009 Bank Lending Data		2010 Bank Lending Data		Total Bank Lending Data	
		\$(000)	%	\$(000)	%	\$(000)	%	\$(000)	%
Low	21.6	219,107	6.4	1,931	5.0	1,067	7.4	2,998	5.7
Moderate	20.3	714,984	20.7	7,174	18.7	3,021	20.9	10,195	19.3
Middle	24.9	1,064,207	30.8	10,463	27.2	1,604	11.1	12,067	22.8
Upper	33.2	1,193,090	34.5	14,131	36.7	4,466	30.8	18,597	35.1
N/A	0.0	264,249	7.6	4,771	12.4	4,311	29.8	9,082	17.1
Total	100.0	3,455,637	100.0	38,470	100.0	14,469	100.0	52,939	100.0

Source: 2000 U.S. Census Data; 2009 and 2010 HMDA LARs; Aggregate Lending Data (2009)

A review of the individual products that comprise home mortgage loans revealed that, by number in 2009, the Bank exceeded the aggregate in home improvement and refinance loans to low- and moderate-income borrowers. The Bank's lending performance in home purchase loans trailed the aggregate to both low- and moderate-income borrowers in 2009. In 2010, home improvement loans were the largest percentage of loans extended to low-income borrowers, and home purchase loans were the largest percentage of loans extended to moderate-income borrowers. The product review by dollar volume produced similar results in both 2009 and 2010.

Small Business Lending

The Bank demonstrated good penetration of loans to businesses of different revenue sizes, indicating that the financial institution did a good job of serving the credit needs of smaller businesses in the assessment area in 2009, 2010, and YTD 2011. The data utilized for this analysis is presented in Table 8.

Table 8 – Distribution of Small Business Loans by Gross Annual Revenue Category (GAR)								
Gross Annual Revenues (000s)	2009 Aggregate Data		2009 Bank Lending Data		2010 Bank Lending Data		Total Bank Lending Data	
	#	%	#	%	#	%	#	%
≤ \$1,000	10,027	26.5	61	61.6	42	41.2	103	51.3
> \$1,000	27,762	73.5	20	20.2	8	7.8	28	13.9
Revenues N/A	0	0.0	18	18.2	52	51.0	70	34.8
Total	37,789	100.0	99	100.0	102	100.0	201	100.0

Source: 2009 and 2010 CRA LRs and 2009 Peer Small Business Data.

As depicted in Table 8, in 2009 the Bank originated 61 small business loans, or 61.6 percent, to businesses in its assessment area with gross annual revenues (GARs) of \$1 million or less. Businesses with GAR of \$1 million or less represent 77.7 percent of all assessment area businesses. Although not equivalent to the demographics, the Bank's performance significantly exceeded that of the aggregate market at 26.5 percent. This reflects favorably on the Bank's rating under this criterion.

Additional analysis was conducted on small business loans by dollar volume. The analysis revealed the Bank originated \$5.7 million, or 44.4 percent of total small business loans, in 2009 to businesses with GARs of \$1 million or less. The 44.4 percent exceeds the 2009 aggregate market data of 27.0 percent.

In 2010, the Bank originated 42 small business loans, or 41.2 percent, to businesses in its assessment area with GARs of \$1 million or less. Lowell Five reported a substantial number of small business loans with revenues "NA," representing 51.0 percent of total lending. By dollar volume, the Bank originated \$6.8 million of loans to businesses in its assessment area with GARs of \$1 million or less, representing 38.8 percent of total dollar volume.

The YTD 2011 trend analysis revealed an increase of originations to small businesses in the Bank's assessment areas with GARs of \$1 million or less (52.9 percent) from 2010 (41.2 percent). This data highlights the Bank's good responsiveness to credit needs of small businesses.

The Bank's small business lending performance was also analyzed by loan size. This analysis is predicated on the premise that smaller businesses and start-ups typically have a need for smaller dollar loans. Table 9 indicates the Bank has a good record of granting smaller dollar business loans.

Table 9 – Distribution of Small Business Loans by Loan Size								
Loan Size (000s)	2009 Aggregate Data		2009 Bank Lending Data		2010 Bank Lending Data		Total Bank Lending Data	
	#	%	#	%	#	%	#	%
≤ \$100	35,352	93.6	64	64.7	63	61.8	127	63.2
> \$100 ≤ \$250	1,128	3.0	23	23.2	17	16.7	40	19.9
> \$250 ≤ \$1,000	1,309	3.4	12	12.1	22	21.5	34	16.9
Total*	37,789	100.0	99	100.0	102	100.0	201	100.0

Source: 2009 and 2010 CRA LRs and 2009 CRA Peer Small Business Data.

As illustrated in Table 9, in 2009 64.7 percent of the Bank's small business loans in its assessment area were originated in amounts of \$100,000 or less and 23.2 percent were in amounts between \$100,000 and \$250,000. Aggregate market data reveals that 93.6 percent of all loans were in amounts of \$100,000 or less. However, this percentage is likely significantly inflated due to the large number of business credit cards extended at low dollar amounts by large financial institutions in the Bank's assessment area. Therefore, the Bank's performance is considered good.

In 2010, the Bank originated 61.8 percent of the small business loans in its assessment area in amounts of \$100,000 or less, and 16.7 percent in amounts between \$100,000 and \$250,000. The Bank's performance in 2010 was generally consistent with that of 2009.

Responsiveness to Credit Needs of Highly Disadvantaged Areas, Individuals, and/or Businesses

The Bank exhibited an adequate record of serving the credit needs of the most economically disadvantaged area(s) of its assessment area(s), low-income individuals, and very small businesses, consistent with safe and sound business practices.

Community Development Lending

As defined in the CRA regulation, a community development loan has as its primary purpose: affordable housing for low- and moderate-income individuals; community services targeted to low- and moderate-income individuals; activities that promote economic development by financing small businesses or small farms; or activities that revitalize or stabilize low- and moderate-income geographies. Furthermore, the loan must benefit the Bank's assessment area or a broader statewide area that also includes the assessment area. Loans required to be reported as home mortgage loans or small business loans cannot also be reported as community development loans unless the loan is for a multifamily dwelling (five or more units), meets a community development definition, and benefits the Bank's assessment area or a broader statewide area that includes the assessment area.

The institution's community development lending activities are evaluated pursuant to the following criteria: (1) the extent to which community development lending opportunities have been made available to the institution; (2) the responsiveness of the institution's community development lending; and (3) the extent of leadership the institution has demonstrated in community development lending.

The institution made a relatively good level of community development loans since the last CRA evaluation dated May 19, 2008. During the review period, Lowell Five originated 22 qualified community development loans totaling approximately \$9.8 million. All qualified loans promote affordable housing. It should be noted that of the 22 loans originated, 11 are extensions of credit for existing loans. The funded commitments as of June 30, 2011 represented 2.4 percent of the Bank's total loans. By number, this performance represents an increase from the previous evaluation; but by dollar volume this represents a decrease since the last evaluation. The Bank originated 12 loans totaling \$23.8 million at the previous evaluation.

The following are examples of the Bank's community development lending activity during each year under review.

- Lowell Five approved an original monetary commitment of \$2.9 million to a development and financial corporation to assist in the reinvention and replication of affordable housing units at the Julian D. Steele Project (Project). The development is located within a moderate-income census tract within the Bank's assessment areas. The Project will build a combination of single-family homes and duplexes totaling 127 units. The Project was started in April 2006, and Lowell Five began funding their \$2.9 million credit facility in July of that year. Thirty-five of the single family units are available to low- and moderate-income first-time homebuyers. Since the prior evaluation, Lowell Five has granted 2 extensions, one in March 2009 and one in February 2011. The Bank advanced approximately \$1.8 million in 2008; \$239,443 in 2009; \$417,384 in 2010; and \$133,649 in 2011 year-to-date.
- Lowell Five funded a number of projects that generated a total of 98 affordable housing units within its assessment area during the evaluation period. To date, a total of 55 of these units have been sold. The Bank provided these lending commitments to 5 development companies totaling 13 loans, inclusive of each extension. The total dollar volume was \$9.0 million. As mention above, many of these loans were revolving commitments, allowing the Bank to advance funds as borrowings were paid back during the various construction phases that continued throughout the evaluation period. Lowell Five advanced approximately \$777,000 in 2008; \$1.1 million in 2009; \$1.2 million in 2010; and \$571,000 in YTD 2011. The total dollar volumes stated are calculated by applying the percentage of affordable housing in the construction project (approximately 25 percent) to the total dollar volume originated and advanced.

Of the 13 loans mentioned above, 4 are new originations in 2010 to 2 development companies. One of the projects was 100 percent affordable housing; therefore, the total dollar volume of \$3.4 million was included in the overall CDL total.

These projects were initiated under the Massachusetts Comprehensive Permit Law – Chapter 40B, a state law that helps address the shortage of affordable housing statewide by reducing unnecessary barriers created by local approval processes, local zoning, and other restrictions. The final goal of the various projects is to build single family homes, condominiums, or rental units, many of which will be specifically designated as affordable housing.

- Lowell Five granted 7 loans totaling approximately \$1.4 million to developers that provided multi-family housing in low- and moderate-income census tracts within the assessment areas. The rents collected are below the market value of rents for the area in which the properties reside.

Innovative or Flexible Lending Practices (Product Innovation)

Residential Lending Programs

During the evaluation period, Lowell Five made limited use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies. Lowell Five offers a First Time Home-Buyer Product in house. Borrowers can choose from the following Adjustable Rate Mortgage loans (ARMs): 3/1, 5/1, 7/1, 10/1, and 15/1. All of the First Time Home-Buyer products are offered at the Bank's comparable 1 point ARM product. However, the borrower does not have to pay the point. During the review period of May 19, 2008 through October 5, 2011, Lowell Five originated 39 First Time Home-Buyer loans totaling \$8.5 million.

The following items represent a summary of the other loan products or programs Lowell Five participated in or used that were innovative or have flexible underwriting criteria.

Massachusetts Housing Finance Agency (MHFA) Get the Lead Out

The Bank receives referrals for this program from the City of Lowell's Lead Paint Abatement Program and from Community Teamwork, Inc., a community development corporation. MHFA funded the loans, but Lowell Five underwrote the applications, prepared all the documentation, and supervised the loan closings. The Bank originated 3 mortgages totaling \$471,249 since the previous evaluation.

Massachusetts Housing Partnership (MHP) Soft Second – First and Second Loan Program

The MHP Soft Second Loan Program (Program) is an affordable housing program that the Bank began to offer in 2003. Under the Program, applicants are referred to the Bank by the MHP. The MHP is a statewide, public, non-profit, affordable housing organization that works in concert with the Governor and the state Department of Housing and Community Development to help increase the supply of affordable housing in Massachusetts. The Soft Second Program is available to first time homebuyers that are low- or moderate-income borrowers and helps these individuals qualify for a mortgage. It combines a conventional first mortgage that requires only a 3 percent down payment with a subsidized second mortgage. The second mortgage has interest-only payments for the first 10 years; 75 percent of these payments for the first 5 years are covered by a subsidized government loan and gradually decreased to zero by year 10. Thus, the borrowers' debt service during this period is reduced, allowing them to qualify for the mortgage. The Bank originated 4 second mortgages totaling \$824,491 since the prior evaluation.

Business Lending Products

Multi-Family Loan Product

Lowell Five offers a commercial loan product secured by 1-4 family non-owner occupied properties in house. The pricing structure was established to provide more favorable options for individuals seeking to purchase small residential investment properties, with underwriting and approval not being tied to secondary market requirements. The terms of this product mirror the more traditional 5/1 ARM product, but the rate is 1.0 percent above the published residential mortgage ARM product. In addition, standard commercial underwriting requirements apply rather than the more standardized restrictions imposed by the secondary market. This affords the Bank more flexibility in conducting the analysis and provides approvals based on specific circumstances. The Bank originated 12 multi-family loans totaling \$1.7 million since the last performance evaluation.

INVESTMENT TEST

Scope of Test

The Investment Test evaluates the institution's record of helping to meet credit needs through qualified investments that benefit the assessment area or a broader statewide or regional area that includes the Bank's assessment area. A qualified investment is defined as a lawful investment, deposit, membership share, or grant that has community development as its primary purpose.

Community development purposes include those that either: 1) Provide affordable housing for low- or moderate- income individuals or areas; 2) provide community services targeting low- or moderate-income individuals or areas; 3) promote economic development by financing small businesses; or, 4) revitalize or stabilize low- or moderate- income geographies. Activities considered under the Lending or Service Tests may not be considered under the Investment Test.

The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and, 4) the degree to which the qualified investments are not routinely provided by private investors. Per the regulation, qualified investments considered in this evaluation include all those acquired or made since the previous CRA examination as well as those made prior and still held by the institution, which are still outstanding and carried on the Bank's balance sheet.

The Bank has a satisfactory level of qualified community development investments and grants. The Bank exhibits an adequate responsiveness to the credit and community economic development needs.

The Bank's qualified investments consist of a municipal bond as well as donations to various community development organizations. The qualified investments total \$1.9 million, which is more than the Bank's investment activity during the prior evaluation period of \$789,581.

Qualified Investments

On August 25, 2011, Lowell Five purchased a municipal bond for the City of Lowell for \$1.5 million. Municipal bonds are debt issued by local governments, state governments, districts, and other entities that serve a civic purpose. This includes states; towns; cities; counties; school districts; hospitals; transportation authorities; universities and colleges; housing projects; road and highway authorities; water districts; and power districts. Government and special purpose entities borrow money to finance infrastructure projects, make capital improvements, and build or make improvements to schools.

Adding further support to this investment's inclusion is the fact that the majority of the bond was for the Acre Urban Renewal Project, which is a project to revitalize the "Acre Neighborhood" within the city of Lowell. The "Acre Neighborhood" is an area within the city in which the significant majority of residents are low- and moderate-income. The area has a density almost twice the average in Lowell, and the vast majority of housing is non-owner occupied. According to the *Acre Place Outreach and Education Project* the goals of the project are to increase the percent of homeownership, create jobs and stimulate investment in the area, improve the appearance and condition of buildings, and to increase the number of rental units available.

Charitable Contributions

The remainder of the Bank's qualified investments consisted of grants and donations. The Bank has made a good level of grants and donations that reflect a good responsiveness to the community development needs of its assessment area. Since the previous evaluation, the Bank has made \$848,670 in grants or donations, of which \$340,760 (40.2 percent) were considered CRA qualified contributions. This is an increase from the prior evaluation's qualified grants or donations of \$290,950. The Bank's contributions supported an array of charitable organizations throughout the assessment area. These organizations provide housing and other services to low- and moderate-income individuals or promote business development within the assessment area.

The following list details a sample of the organizations that benefited from the Bank's contributions:

Community Teamwork, Inc.

Community Teamwork, Inc. (CTI) is a private, non-profit Community Action Agency and a regional non-profit housing agency which offers an array of housing opportunities and supportive services to low-income families. CTI's core service area includes the city of Lowell and the surrounding towns of Billerica, Chelmsford, Dracut, Dunstable, Tewksbury, Tyngsboro, and Westford.

Merrimack Valley Housing Partnership:

Merrimack Valley Housing Partnership is a private, non-profit organization. The organization offers several programs, including down payment assistance and first-time home buyer training, to promote homeownership for low- and moderate-income individuals in the Greater Lowell community.

Lowell Community Health Center (LCHC):

Lowell Community Health Center provides caring, quality, and culturally appropriate health services and affordable health care to the Greater Lowell community. For individuals without insurance, LCHC offers a sliding fee scale, or even free care, based on each patient's household size and income.

Boys & Girls Club of Greater Lowell:

The mission of this organization is to inspire and enable all youth, especially those from disadvantaged circumstances predominantly from low-income areas, to realize their full potential as productive, responsible and caring citizens. The organization is dedicated to providing activities and events in a safe environment for underprivileged youth in the Greater Lowell area.

The Cambodian Mutual Assistance Association (CMAA)

The Cambodian Mutual Assistance Association (CMAA) is dedicated to improving the quality of life for the Cambodian-American community of Greater Lowell, other ethnic minorities, and economically disadvantaged persons through education, cultural, social, community and economic development efforts.

Elder Services of the Merrimack Valley, Inc.:

Elder Services is a private, non-profit agency, based in Lawrence, MA, servicing older residents of the Merrimack Valley. The organization is federally designated as the Area Agency on Aging and managed by the State Home Care Program. The organization offers a variety of programs, including the Money Management Program. The Money Management Program is designed to assist low-income older adults complete tasks such as routine bill paying, budgeting, and writing checks.

Lowell Youth Activities Program:

The Lowell Housing Authority's, Youth Activities Program offers recreational and sports opportunities to at-risk youth living in the LHA's low-income public housing developments. The program has a full-time Youth Activities Director and Assistant Director who provide structured recreation and sports programs throughout the year to youth at the LHA's family developments.

Consumer Credit Counseling Services:

Consumer Credit Counseling Services is a nonprofit community service agency which offers free comprehensive personal finance education and credit counseling programs.

United Way of Massachusetts Bay and Merrimack Valley:

The mission of the United Way is to bring communities together, help improve people's lives and strengthen neighborhoods. The Bank has made several sizable contributions to the United Way in each year under review. The United Way targets its donations and resources towards the families, children and communities in the greatest need.

SERVICE TEST

The service test evaluates the institution's record of helping to meet the credit needs of its assessment areas by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services were evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services were evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

Lowell Five's service delivery systems are accessible to census tracts and individuals of different income levels in the assessment area. The Bank's record of opening and closing branches, as applicable, has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income census tracts and to low- and moderate-income individuals. Its services and business hours do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income individuals and census tracts. The Bank provides a relatively high level of qualified community development services to the assessment area.

RETAIL BANKING SERVICES

The effectiveness of an institution's system for delivering retail banking services is evaluated pursuant to the following criteria:

- the distribution of the institution's branches among geographies of different income levels;
- the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals;
- the availability and effectiveness of alternate systems for delivering retail banking services; and,
- the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

Distribution of Branches

During the review period, the Bank's delivery systems were accessible to all portions of the assessment area, including low- and moderate- income geographies.

The Bank's operations center is located in a low-income census tract in Lowell, Massachusetts. In addition to the operations center, the institution operates 13 branch locations. The remaining branches are located in a low-income census tract in Lowell; moderate income census tracts in Lowell, Pepperell, and Haverhill; middle-income census tracts in Billerica, Chelmsford, Dracut, North Chelmsford, Tewksbury (2), Tyngsboro, and Wilmington; and an upper-income census tract in Westford.

The table below illustrates the distribution of the Bank's full offices by income level of census tract, compared against the distribution of census tracts by income level.

Table 10				
Distribution of Offices by Income Category				
Census Tract Income Category	Census Tracts in Assessment Area		Bank Offices by Tract Location	
	#	%	#	%
Low	10	12.5	2	14.3
Moderate	20	25.0	3	21.4
Middle	43	53.8	8	57.1
Upper	7	8.7	1	7.1
Total	80	100.0	14	100.0

Changes in Branch Locations

Since the previous FDIC and Division evaluation, the Bank has opened a new branch location located at 750 Main Street in Haverhill. As previously noted, the Bank closed a branch location at 97 University Avenue in Lowell in July 2010. This location, located in a low-income census tract, was opened in May of 2007 to gain exposure amongst the students of the University of Lowell. Despite closing the branch, the location still has an ATM available for customers who may have been inconvenienced. In addition, the Bank leases the property free of charge to the Lowell Police.

Reasonableness of Business Hours and Services

Overall, branch hours are comparable to competing institutions. In general, office hours are from 9 A.M. to 4 P.M. Mondays and Tuesdays, 9 A.M. to 12 P.M. on Wednesdays, 9 A.M. until 6 P.M. Thursdays and Fridays, and Saturdays from 9 A.M. until 12 P.M. With the exception of the Tyngsboro (high school branch) and the Lowell Wood Street location, all locations offer drive-up services with extended hours Monday through Thursday. The High School branch, located in the Greater Lowell Technical High School, is only opened part time from 8:30 A.M. to 1:30 P.M. on weekdays during the school year. All branch offices offer ATMs. The Bank operates three additional stand alone ATM locations in Lowell, at 97 University Ave, 145 Thorndike Street, and One Hospital Drive (Saints Medical Center). Two of the three ATM locations are in low-income census tracts, and the other third location is in a moderate-income census tract.

Alternative Retail Banking Services

The Bank offers alternative delivery systems, which enhance both commercial and retail customer accessibility to services. The Bank participates with NYCE, CIRRUS, and MasterCard, and is a member of the NYCE Corporation Selective Surcharging Program, called SUM, a surcharge-free alliance of ATMs.

The Bank also provides customers with 24-hour access to their accounts through the use of telephone and Internet banking. Lowell Five offers *PersonalCommand* and *BusinessCommand* online banking tools. Through online banking, customers can check account balances, view recent transactions and transfer funds between accounts. These tools also allow customers the option to pay bills online.

Mobile Banking is also an option whereby customers can perform banking activities from their mobile phones. Through the mobile banking feature customers can check account balances; pay bills and view payment history; view transaction history and cleared checks; manage single, scheduled, and recurring transfers and access branch and ATM listings.

The Bank's web-site, www.lowellfive.com, provides office hours and locations, information about various deposit and loan products, interest rates for certificates of deposit and mortgage loans, financial calculators, and other Bank services. Applications for mortgage and consumer loans can be completed and sent electronically to the Bank.

These alternative delivery systems are reasonably accessible to all portions of the assessment area.

Other Banking Services

The Bank sponsors a program that offers Individual Development Accounts (IDAs) to members of the Cambodian Mutual Assistance Association (CMAA). The CMAA is an organization dedicated to improving the quality of life for the Cambodian-American community of Greater Lowell, other ethnic minorities, and economically disadvantaged persons through education, cultural, social, community, and economic development efforts. Lowell Five has provided 100 clients of the CMAA no cost savings accounts.

The Bank is a participant in the Massachusetts Community Banking Council's (MCBC) Basic Banking Program. The purpose of the program is to encourage financial institutions to offer low-cost checking and savings accounts for people with modest incomes. Additionally, the Bank participates in MCBC's program that allows non-bank customers to cash government checks without paying a fee.

The Bank provides free loan servicing for the Lowell Development and Financial Corporation's Downtown Venture Fund's loan portfolio. The fund offers low- interest loans to businesses in the downtown area of Lowell and specifically targets new retail and restaurant establishments. The goal of the organization is to revitalize and stabilize the area.

COMMUNITY DEVELOPMENT SERVICES

The Bank provides a high level of community development services in its assessment areas. These services have resulted in a better educated community, increased awareness of community needs, and contributed to improving the communities served. The Bank offers services to low- and moderate-income residents within the assessment areas and provided technical assistance to organizations with a community development purpose.

Below are some examples of activities conducted and organizations that employees were involved in during the evaluation period. All of the services meet the definition of community development and also relate to the provision of financial services as required by the regulation for consideration under the CRA.

Employee Services

The Bank provides a high level of community development services. Officers and staff have built good relationships with community organizations. The Bank's staff demonstrated their commitment to the assessment area by volunteering their time and financial expertise to numerous community-oriented organizations and programs that provide community based services such as organizations that promote economic development opportunities within the assessment area. The following are examples of the Bank's involvement:

- An Assistant Vice President of the Bank is an Executive Board Member of the Lowell Transitional Living Center. The Lowell Transitional Living Center provides the most vulnerable adults in the community with food, shelter, stability, and dignity. It provides programs and services that meet immediate needs for emergency shelter and food, along with case management and other help that enable those they serve to make the transition from a shelter bed to a permanent place to call home.
- A Senior Vice President of Commercial Lending is a Vice President and Executive Board Member of the Lowell Development & Finance Corporation (LDFC). The LDFC is a non-profit development corporation, which was created to aid in the economic revitalization of Lowell. The mission of the LDFC is to offer low-interest loans as an incentive to invest in commercial and housing development within the City of Lowell. Another Senior Vice President of Lowell Five is an Advisory Board Member on an affordable housing project. A Vice President of the Bank is on LDFC's Downtown Venture Fund Subcommittee.
- An Officer of Lowell Five is a Board Member of the Merrimack Valley Housing Partnership (MVHP). The Merrimack Valley Housing Partnership is a private 501(C) (3), non-profit organization. The mission of the organization is "to promote affordable home ownership opportunities for low and moderate income earners." MVHP focuses its services, which include down payment assistance and first time home buyer training programs, in the Greater Lowell community.
- A Senior Vice President of the Bank is a Corporator of the Boys & Girls Club of Greater Lowell. A Bank Vice President is also a Corporator of the organization. The mission of the Boys & Girls Club is to inspire and enable young people, especially those who need it the most, to realize their full potential.

- A Senior Vice President of the Bank is the Treasurer of Community Teamwork, Inc (CTI). CTI's Mission is to assist low-income people to become self-sufficient, to alleviate the effects of poverty, and to assist low-income people to participate in the decisions that affect their lives.
- A Senior Vice President of the Bank is a member of the Board of Directors of Lazarus House. Lazarus House helps individuals living in poverty regain their dignity and become self sufficient members of the community by offering emergency shelter, food and clothing to people in crisis and then providing transitional housing, advocacy, health services, education and work preparation to permanently break the cycle of poverty.
- A Senior Vice President of Lowell Five is an Executive Vice President of Girls, Inc. and a Vice President of the Bank is a Board Member of the organization. Girls Inc. is a non-profit organization that works with at-risk girls to provide a variety of life skills that will help them positively in the future, including introducing money management and career development skills. A majority of the organization's beneficiaries are members of low-and moderate-income families.

Educational Seminars

- **Teach the Children to Save Day**
Teach Children to Save is a national campaign that raises awareness about the important role that banks and bankers play in helping young people develop lifelong savings habits. The Bank has participated in "Teach the Children to Save Day" at the Lowell Boys and Girls Club in 2009, Greater Lowell Technical High School in 2010, and the Haverhill Boys and Girls Club in 2011.
- **Community Teamwork, Inc.(CTI)**
CTI's Mission is to assist low-income people to become self-sufficient, to alleviate the effects of poverty, and to assist low-income people to participate in the decisions that affect their lives. Bank staff taught several financial literacy training sessions at the organization, including one in 2009, two in 2010, and three in 2011.
- **Cambodian Mutual Assistance Association**
As previously mentioned, the Bank offers individuals from this organization no cost checking accounts. In further effort to assist clients of this organization, Bank staff have taught financial literacy classes in 2010 and 2011.
- **Money Management Program**
Eight Branch Managers are Money Management Volunteers for Elder Services of Merrimack Valley. Based in Lawrence Massachusetts, Elder Services serves 23 cities and towns in the Merrimack Valley including the Greater Newburyport, Haverhill, Lawrence and Lowell communities. The Money Management program is a free service that assists elders who are unable to manage their finances independently. With their financial experience, Money Management volunteers are able to structure workable budgeting plans that often give seniors a financial freedom they never had before.

METROPOLITAN STATISTICAL AREAS

SCOPE OF THE EVALUATION

The scope is similar to the overall scope discussed previously. Due to the 15754 MSA AA consisting of 66 of the 80 total census tracts, more weight is given to conclusions drawn for that assessment area (AA). The 37764 MSA AA, although conclusions are made, will have no affect on the rating. Please refer to the overall discussion for additional information.

DESCRIPTION OF OPERATIONS AND AA IN THE CAMBRIDGE-NEWTON-FRAMINGHAM, MA MD (15754)

Lowell Five operates 12 branches in the 15764 MSA AA, all of which provide the full range of services offered by the bank. The branch locations are: Billerica, Chelmsford, Dracut, Lowell (2 locations), North Chelmsford, Pepperell, Tewksbury (2 locations), Tyngsboro, Westford, and Wilmington. The Lowell branch located on John Street is located in a low-income census tract. The Bank's other two branches that reside in moderate-income census tracts are the Lowell branch (Wood Street) and the Pepperell branch. All three of the ATMs located in Lowell are in either low- or moderate-income census tracts (2 in low- and 1 in moderate-income census tracts).

The 15764 MSA AA consists of 11 cities and towns all part of Middlesex County (66 census tracts). Of the 66 census tracts, 10 are low-income, 15 are moderate-income, 34 are middle-income, and 7 are upper-income. All 10 low-income census tracts are located in the city of Lowell. The 15 moderate-income geographies include Lowell (13), Dracut (1), and Pepperell (1).

Please refer back to the overall discussion of the assessment area for additional information.

DESCRIPTION OF OPERATIONS AND AA IN THE PEABODY, MA MD (37764)

Lowell Five operates 1 branch in the 37764 MSA AA, which provides a full range of services offered by the bank. The branch is located in Haverhill, MA, which is a moderate-income census tract. The Bank opened the Haverhill branch in 2008. Therefore, as mentioned above, conclusions regarding the Bank's performance in this area are not given as much weight.

The 37764 MSA AA consists of 1 city (Haverhill), which is part of Essex County. The city of Haverhill consists of 14 census tracts, of which 5 are moderate-income geographies.

CONCLUSIONS WITH RESPECT TO PERFORMANCE IN THE 15754 MSA AA

A review of the 15754 MSA AA revealed satisfactory performance, overall. As, the Cambridge-Newton-Framingham MA MSA includes 66 of the area's 80 total Census tracts, the analysis performed in the overall "Conclusions" section captures a significant portion of the Bank's activity. Please refer to that section for additional information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE IN THE 37765 MSA AA

Using a limited-scope review, the Bank's performance in the 37764 MSA AA is below the Bank's performance for the overall conclusions for each test; however, it does not change the rating for the Bank.

APPENDIX A
Fair Lending Policies and Practices
Massachusetts Division of Banks

The Bank's compliance with fair lending laws and regulations was examined. No indication of discriminatory or other illegal credit practices inconsistent with helping to meet community and assessment area credit needs were identified during the evaluation. No evidence of disparate treatment or impact was revealed.

The Bank did not receive any complaints relative to fair lending issues; however, adequate procedures are in place for handling such items. Overall, the institution's fair lending policies, procedures, training programs, and internal assessment efforts were deemed satisfactory.

Minority Application Flow

The purpose of the minority application flow is to assess the number of HMDA-reportable applications the Bank received from minorities within their delineated assessment area. The data analyzed was obtained from the Bank's HMDA/LAR for 2009 and 2010. The YTD of 2011 HMDA data was also included for the purpose of identifying trends. In addition, the 2009 HMDA/LAR aggregate data was analyzed in order to measure the Bank's performance relative to all other lenders within the assessment area. The Bank's minority application flow for this period was also compared with the racial make-up the assessment area. The comparison of this data assists in deriving reasonable expectations for the institution's minority application flow.

Table MINORITY APPLICATION FLOW										
RACE	Bank 2009		2009 Aggregate Data		Bank 2010		YTD Bank 2011		Bank Total	
	#	%	#	%	#	%	#	%	#	%
<i>American Indian/ Alaska Native</i>	1	0.3	52	0.2	0	0.0	0	0.0	1	0.2
<i>Asian</i>	25	7.9	1,962	6.4	5	3.5	0	0.0	30	6.0
<i>Black/ African American</i>	3	0.9	298	1.0	0	0.0	0	0.0	3	0.6
<i>Hawaiian/Pac Isl.</i>	0	0.0	33	0.1	0	0.0	0	0.0	0	0.0
<i>2 or more Minority</i>	0	0.0	13	0.0	0	0.0	0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	1	0.3	267	0.9	1	0.7	1	2.1	3	0.6
Total Minority	30	9.5	2,625	8.6	6	4.2	1	2.1	37	7.3
<i>White</i>	233	74.0	20,775	68.1	103	72.4	40	85.1	376	74.6
<i>Race Not Available</i>	52	16.5	7,125	23.3	33	23.2	6	12.8	91	18.0
Total	315	100.0	30,525	100.0	142	100.0	47	100.0	504	100.0
ETHNICITY										
<i>Hispanic or Latino</i>	2	0.6	598	2.0	0	0.0	0	0.0	2	0.4
<i>Not Hispanic or Latino</i>	250	79.4	22,449	73.5	103	72.5	40	85.1	393	78.0
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	3	0.9	218	0.7	0	0.0	0	0.0	3	0.6
<i>Ethnicity Not Available</i>	60	19.1	7,260	23.8	39	27.5	7	14.9	106	21.0
Total	315	100.0	30,525	100.0	142	100.0	47	100.0	504	100.0

Source: PCI Services, Inc., CRA Wiz Software.

According to the 2000 Census Data, the breakout of the assessment area's populations is as follows: 84.0 percent – White, 1.7 percent – Black, 6.4 percent- Asian/Pacific Islander, 0.1 percent- American Indian, 1.7 percent Other Race, with 6.1 percent Hispanic or Latino and 93.9 percent Not Hispanic or Latino.

The most weight is given to the 2009 data, as this is the most recent year in which aggregate information is available. As displayed, the Bank's percentage (9.5 percent) of applications received from minorities was above that received (8.6 percent) by the aggregate. However, as indicated in the table, the Bank's performance decreased in 2010, with 4.2 percent of applications received from minority borrowers. The Bank's partial year data for 2011 indicates a continued decreasing trend in the level of applications the Bank received from racial and ethnic minorities. In addition, it was noted that the percentage of applications in 2009 (16.5 percent) that did not contain the government monitoring information (GMI) was attributed to applications taken by mail phone or internet where the borrower chose not to provide the GMI.

Given the high percentage of applications received with no GMI collected in 2009 and the similar trend in the level of applications received from minorities when compared to aggregate, the Bank's performance is considered satisfactory.

APPENDIX B

SCOPE OF EVALUATION TABLES

The Lowell Five Cents Savings Bank	
SCOPE OF EXAMINATION:	Full-scope, large bank CRA evaluation procedures.
TIME PERIOD REVIEWED:	Loans: 1/1/2009 - 06/30/2011. Community development loans, investments & services: 05/17/08 - 10/5/11.
PRODUCTS REVIEWED:	HMDA reportable residential mortgage loans and Small Business loans.

LIST OF AFFILIATES AND PRODUCTS REVIEWED		
AFFILIATE(S):	AFFILIATE RELATIONSHIP:	PRODUCTS REVIEWED:
N/A	N/A	N/A

LIST OF AA'S AND TYPE OF EXAMINATION			
ASSESSMENT AREA:	TYPE OF EXAMINATION:	BRANCHES VISITED:	OTHER INFORMATION:
MSA 15764	Full-scope	1	N/A
MSA 37764	Limited-scope	0	N/A

APPENDIX C GENERAL DEFINITIONS

GEOGRAPHY TERMS

Block: Small areas bounded on all sides by visible features such as streets, roads, streams or rail road tracks, and invisible features like city or town boundaries or property lines. Blocks are subdivisions of census tracts and are assigned a unique three-digit number.

Block Group: Clusters of blocks within a census tract, having a four-digit number and a three-digit suffix. The four-digit number corresponds to the same number given to the census tract in which it is located.

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Metropolitan Statistical Area (MSA/MD): The Metropolitan Statistical Areas have at least one urbanized area of 50,000 or more population. There are 11 instances (Boston, Chicago, Dallas, Detroit, Los Angeles, Miami, New York, Philadelphia, San Francisco, Seattle, and Washington) where a Metropolitan Statistical Area containing a single core with a population of 2.5 million or more has been subdivided to form smaller groupings of counties referred to as **Metropolitan Divisions** (One or more large population centers and adjacent communities that have a high degree of economic and social integration.) Each MD must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MD comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MDs are composed of cities and towns rather than whole counties.

Combined Statistical Area (CSA): The larger area, of which MSAs are component parts.

Consolidated Metropolitan Statistical Area (CMSA): The larger area, of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

Rural Area: Territories, populations and housing units that are not classified as urban.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

APPENDIX D

INVESTMENT DEFINITIONS

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. The equity investments are subject to limits specified by the bank's regulator. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization. Any real estate ownership should generally be temporary, with ownership reverting to members or organizations in the community.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. They procure loans and investments that conventional financial institutions are unable to invest in, and they link financing to other developmental activities. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. CDFIs share a common mission and can be chartered as a credit union or bank. CDFIs can also be unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, microenterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Low Income Housing Tax Credits: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis. Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains in place throughout the compliance period, usually 30 years.

Qualified Investments: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting low- and moderate-income individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize low- and moderate-income geographies.

APPENDIX E

STANDARD PE LANGUAGE

LENDING TEST

Scope of Test

The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity; 2) the proportion of lending within the assessment area(s); 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; 5) the distribution of small business and small farm loans by loan amount at origination; 6) the volume of community development lending; and 7) the use of innovative or flexible lending practices. Performance under the lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Community Development Lending:

Performance Criteria

The institution's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

Innovative and Flexible Lending Practices:

Performance Criteria

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

INVESTMENT TEST

Scope of Test

The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the lending or service test may not be considered under the investment test. The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

SERVICE TEST

Scope of Test

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 34 John Street, Lowell, MA 01852."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.